



COMPLIANCE UPDATE
By Kim Slote, policy analyst

COMMON MANUAL

The Cooperative Agreement for Guarantors Participating in the *Common Manual* was initially approved Sep. 10, 1995, last amended Feb. 21, 2002. This agreement between guarantors that administer the Federal Family Education Loan Program was for the purpose of publishing a common policy manual to be used as a guide for their schools, lenders, secondary market and servicer clients. Members of the *Common Manual* Policy Committee facilitate the development and adoption of policies that are consistent with the requirements of Title IV of the Higher Education Act of 1965, as amended, applicable regulations and other guidance published by the United States Department of Education. Policy proposals are presented to the *Common Manual* Governing Board for consideration and approval, before being incorporated into the *Common Manual*.

Proposed policy updates and technical edits can be submitted by anyone in the FFELP community. In addition, comments on current proposals are welcomed by the *Common Manual* Policy Committee. Instructions for how to submit comments or to submit policy proposals and technical edits for the *Common Manual* can be found at the following links.

- [Submit Policy Proposals/Tech Edits](#)
- [Submit Comments on Policy Proposals](#)

The *Common Manual* Governing Board approved policy changes proposed in Batch 204 June 16, 2016. Summaries of the most recent policy updates made to the Aug. 2015 reprint of the *Common Manual* will be posted to the *Common Manual* website at the following link <http://www.commonmanual.org> in the [Approved Policies](#) section. The common bulletin language for each policy change drafted by the *Common Manual* Policy Committee is also provided at this link. The common bulletin language is attached to this compliance update, without revision, for your review. Changes made in the proposals will be incorporated into the *Common Manual* annual update to be released in Aug. 2016. They will also be incorporated into the *Integrated Common Manual*, which is usually updated quarterly.



The nation's guarantors provide the following summaries to inform schools, lenders, and servicers of the latest *Common Manual* policy changes. These changes will appear in the manual's next annual update. These changes will also be incorporated into the *Integrated Common Manual* release. The *Integrated Common Manual* is available on several guarantor websites, and it is also available on the *Common Manual*'s website at www.commonmanual.org. Please carefully note the effective date of each policy change.

Servicemembers Civil Relief Act (SCRA) Eligibility and Interest Rate Reduction

The *Common Manual* has been updated to reflect that lenders must grant eligible servicemembers (including borrowers, endorsers, and comakers) the SCRA interest rate reduction as of July 1, 2016, based on the lender's comparison of its borrowers, endorsers, and comakers to the Department of Defense maintained database, the Defense Manpower Data Center (DMDC). The lender may not require a servicemember to request an interest rate reduction in writing and must allow the servicemember to provide alternative evidence if the DMDC data is inaccurate or incomplete.

Affected Sections: 7.4.B Reduced Stafford Interest Rates
7.5.B Reduced PLUS Interest Rates
10.9.B Reduced Interest Rates
13.1.D Claim File Documentation
15.3.D Calculating the Interest Rate

Effective Date: SCRA interest rate reductions made on or after July 1, 2016

Basis: §682.208(j); Preamble of the Oct. 30, 2015, *Federal Register*, Vol. 80, No. 210, pp. 67206-67208.

Policy Information: 1309/Batch 204

Guarantor Comments: None.

Claim File Documentation

The *Common Manual* has been updated to correct errors in the claim documentation references for Bankruptcy, Death, and Total and Permanent Disability claims.

Affected Sections: 13.1.D Claim File Documentation

Effective Date: Claims filed by the lender on or after March 1, 2012.

Basis: §682.402; Federal Register Vol. 57, No. 244, page 60323, Dec. 18, 1992.

Policy Information: 1310/Batch 204

Guarantor Comments: None.